



ENERGY ASSURANCE DAILY

Tuesday, March 6, 2007

Electricity

NYRI Says 1,200 MW Power Line Needed to Avoid New York City Electricity Crisis

New York Regional Interconnect (NYRI) Inc. was in Washington last week seeking support for its proposed 400 kV transmission line that would run some 200 miles south from Utica to the lower Hudson Valley. The line would have a rated flow capacity of 1,200 MW and the company hopes that commercial operations can begin in 2011.

However, the transmission project is facing heavy opposition from upstate New York communities. NYRI officials say that New York City needs more electricity or else the entire state will suffer. Last summer, a National Academy of Sciences report warned about looming energy problems for New York in the next few years and suggested that resistance to additional power plants may force a crisis.

Project Overview: http://www.nyri.us/pdfs/NYRI_ProjectOverview.pdf

<http://www.pressconnects.com/apps/pbcs.dll/article?AID=/20070305/NEWS01/703050331/1006>

FERC Approves Lowering New York's Reserve Margin to 16.5 Percent

The Federal Energy Regulatory Commission approved a request from the New York State Reliability Council to cut the reserve margin on installed generation in the state from 18 percent to 16.5 Percent. The action allows time for the NYISO to calculate and post system requirements in time for the summer capacity auction scheduled for March 29.

Reuters, 17:07 March 5, 2007

Proposed 400 MW Clean Power Project in Texas Receives Final Air Permit

Texas environmental regulators have issued a final air permit for Nacogdoches Power, LLC's clean energy center project under development in Nacogdoches County, Texas. The multi-unit facility will consist of a 100 MW biomass-fired power plant and a 300 MW natural gas-fired combined cycle power plant.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7934729

CMS's 778 MW Palisades Nuke Exits Outage in Michigan March 6

The unit was shut on February 26 so that work could be performed on some control rod drive mechanism seals. The unit was operating at 3 percent of capacity by early morning on March 6.

Reuters, 07:25 March 6, 2007

Dominion's 521 MW Mt Storm Coal-fired Unit 3 in West Virginia Shut March 3

Reuters, 12:22 March 6, 2007

OPG's 494 MW Lambton Coal-fired Unit 1 in Ontario Shut March 5

Reuters, 18:57 March 5, 2007

International Power's 632 MW Coleto Creek Coal-fired Unit in Texas Shut March 3

Reuters, 18:57 March 5, 2007

AES's 225 MW Huntington Beach Gas-fired Unit 4 in California Shut March 5

Reuters, 18:57 March 5, 2007

InterGen's 322 MW La Rosita Gas-fired Unit 2 in California Shut March 5

Reuters, 18:57 March 5, 2007

EPCOR's 450 MW Genesee Coal-fired Unit 3 in Alberta Shut March 3

Reuters, 18:57 March 5, 2007

Petroleum

Update: Animals Blamed for Power Outages at Los Angeles Area Refineries

According to Reuters, the power failures that affected ExxonMobil's 155,000 b/d Torrance refinery and Shell's 100,000 b/d Wilmington refinery late Sunday night were caused by separate incidents involving animals in substations. A Southern California Edison substation in Torrance tripped offline at about 9 p.m. PST when the facility was shorted out by an opossum, cutting power to the ExxonMobil's refinery and causing a two-hour disruption in operations. A Los Angeles Water and Power substation in Wilmington tripped offline at about 10:20 p.m. PST due to a raccoon. The shutdown interrupted operations and caused flaring at the Shell refinery. Valero's nearby asphalt plant in Wilmington was also affected by the outage, but its main motor fuels refinery five miles away was not affected. Prices of gasoline in the Los Angeles wholesale market jumped 7 cents on the news of the outages.

http://www.publicbroadcasting.net/wned/news.newsmain?action=article&ARTICLE_ID=1049213

Operations at Shell's 100,000 b/d Refinery in Los Angeles Area Back to Normal March 6

Shell announced that refinery operations at its 100,000 b/d in the Wilmington district of Los Angeles had returned to normal by mid-morning on March 6. The power outage occurred early on March 5 when raccoon strayed into a utility substation and came in contact with a piece of electrical equipment.

Reuters, 10:14 March 6, 2007

Operations at ExxonMobil's 160,000 b/d in Los Angeles Area Back to Normal March 4

Operations at the 160,000 b/d refinery were restored to normal at approximately 11:00 p.m. local time, about 2 hours following a loss of power that occurred when an opossum strayed into a utility substation and came in contact with a piece of electrical equipment.

Reuters, 10:14 March 6, 2007

OPEC February Production Drops by 205,000 b/d – About 50 Percent of Target

Production cuts by the 10 members of OPEC that were bound by the quota agreement to trim production by an additional 500,000 b/d, achieved approximately 50 percent of the agreed upon target for the month.

Reuters, 13:25 March 6, 2007

Holly Energy Seeking Commitments for Proposed Salt Lake City-Las Vegas Products Pipeline

Holly Energy Partners L.P. has opened a binding open season process seeking long term shipper commitments on its proposed products pipeline which would originate near the refining complexes in Salt Lake City, Utah and would end in the north part of Las Vegas, Nevada. The proposed project would also include product terminals near Cedar City, Utah and Las Vegas, Nevada. The project would be completed near the end of 2008.

http://www.hollyenergy.com/press_article.cfm?PressRelease_ID=63

Shell's 130,000 b/d Refinery in Montreal Back to Normal Operations

On March 6, Shell announced that refinery operations at its 130,000 b/d refinery in Quebec had returned to normal levels by the end of last week. The outage exacerbated supply problems for gasoline and distillate fuel that arose in Canada late in February. (see Energy Assurance Daily February 28, March 2 and March 5)

Reuters, 10:37 March 6, 2007

Flaring Reported at BP's 260,000 b/d Los Angeles Area Refinery March 5

The flaring resulted from planned work being performed on the number 1 and 3 reformers at the refinery. The refinery was not impacted by the power outages reported in the stories above.

Reuters, 09:14 March 6, 2007

Natural Gas

FERC Gives Environmental Nod to Trunkline Gas Co.'s Proposed Pipeline Expansion in Texas and Louisiana

FERC Monday gave the environmental go-ahead for Trunkline Gas Co.'s proposed pipeline expansion to increase access to Texas' growing natural gas production, storage fields, pipelines and liquefied natural gas (LNG) terminals. NGI's Daily Gas Price Index, 10:14 March 6, 2007 <http://intelligencepress.com/>

Spectra, New Jersey Resources Developing 10 Bcf of Storage in Pennsylvania

Spectra Energy and New Jersey Resources have formed a partnership to develop and operate a gas storage facility with more than 10 Bcf of working capacity to serve markets in Pennsylvania and the northeastern United States. NGI's Daily Gas Price Index, 09:11 March 6, 2007 <http://intelligencepress.com/>

Companies Seek to Tap Stranded Kentucky Natural Gas Reserves

Looking to tap into stranded natural gas in the state of Kentucky, Australian-Canadian Oil Royalties Ltd. (ACOR) said Monday it has signed a general pooling agreement on the Park City Gas Field in Kentucky and also plans to construct a low-pressure natural gas gathering system to get gas from the project to market. NGI's Daily Gas Price Index, March 6, 2007 <http://intelligencepress.com/>

Other News

Fewer Independent Oil and Gas Companies Say They Will Increase E&P Spending in 2007

According to a survey conducted among independent oil and natural gas producing companies by accounting firm Grant Thompson LLP, 65 percent of the companies indicated that they would be spending more on exploration and production projects this year in comparison to 2006. This represents a drop from 89 percent of the companies that indicated planned increases when a comparable survey was conducted a year ago. The major concern cited by the companies was price uncertainty in the near-term. Ninety-three percent of respondents surveyed said the average price of West Texas Intermediate crude oil must be higher than \$60 per barrel in order to justify increased U.S. oil drilling activity. Only 10 percent of respondents said they believe gas prices will be high enough in 2007 to support increased drilling activity.

Reuters, 11:52 March 6, 2007

<http://www.platts.com/Oil/News/6363755.xml?p=Oil/News&sub=Oil>

Energy Prices

U.S. Oil and Gas Prices Tuesday, March 6, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	60.66	61.41	62.46
NATURAL GAS Henry Hub \$/Million Btu	7.55	7.44	6.50

Source: Reuters

Energy Notes

Alyeska Launches Smart Pig Inspection of Trans-Alaska Pipeline System

<http://ap.peninsulaclarion.com/pstories/state/ak/20070305/154126851.shtml>

Russian Oil Majors Gazprom and Transneft Could Set Up Own Police Forces

<http://www.mosnews.com/news/2007/03/06/newpolice.shtml>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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